

Work Session

Agenda Item #	2, 3, and 4
Meeting Date	May 12, 2005
Prepared By	Barbara B. Matthews City Manager
Approved By	

Discussion Item	Proposed Budget for FY06
Background	<p>The City's new fiscal year will commence on July 1, 2005. In accordance with Article VIII of the Charter of the City of Takoma Park, the City Manager has prepared a proposed budget for consideration by the City Council.</p> <p>The proposed budget for FY06 accounts for the City's financial activities in four major funds or fiscal entities. They are the General Fund, the Storm Water Management Fund, the Special Revenue Funds, and the Community Center Fund.</p> <p>The City Council will hold a series of work sessions to discuss the proposed budget. The work session on May 12 will focus on the following topics:</p> <ul style="list-style-type: none"> • Public Works Department operating budget • Capital Improvement Program for FY06 through FY10 • Storm Water Management Fund • Community Center Fund • Debt Service <p>The City Manager, in conjunction with the Director of Public Works, has identified a number of issues for discussion. These issues are addressed under separate cover.</p>
Policy	In accordance with Article VIII of the Charter of the City of Takoma Park, the City Manager is charged with submission of a proposed budget for consideration of the City Council. Before adoption of the budget, the City Council shall hold at least one public hearing.
Fiscal Impact	The City Manager's proposed budget for FY06 provides for total expenditures of \$20,078,016. General Fund expenditures total \$16,987,226. Combined expenditures for the other funds (Storm Water Management, Special Revenue, and Community Center) equal \$3,090,790.

Attachments	<p>Organizational chart for the Public Works Department</p> <p>Overview of the Public Works Department</p> <p>FY06 budget summary for the Public Works Department</p> <p>Capital Improvement Program FY06 – FY10</p> <p>FY06 budget summary for the Storm Water Management Fund</p> <p>Listing of Public Works budget issues for discussion</p> <p>Storm Water projects listing as of May 2005</p> <p>Street repair projects listing as of May 2005</p> <p>FY06 budget summary for the Community Center Fund</p> <p>Memo dated May 11, 2005 regarding Community Center project costs</p> <p>Overview of debt service</p> <p>FY06 budget summary for Debt Service</p>
Recommendation	<p>Staff recommends that the City Council discuss the aforementioned budgetary items and provide direction to the City Manager relative to the proposed budget for the Public Works Department, the Capital Improvement Program, the Storm Water Management Fund, the Community Center Fund, and debt service.</p>
Special Consideration	

SUBJECT: Public Works Budget Issues

1. CDA Maintenance Technician: The Department has proposed the hiring of a Maintenance Technician. The issue here is that the CDA has elected to withdraw its participation in the financial support of this position. This person's primary responsibilities should include:
 - a. The daily cleaning the public right of way in the Commercial District Association's area in Langley Park.
 - b. Removing posters and fliers, repairing potholes and street painting.
 - c. Operating the City's Green Machine in the CDA, Old Town and community center.
 - d. If the CDA chooses not to participate with an annual contribution, the CDA would be cleaned once a week and this technician's time and effort would be dedicated to:
 - i. Street Painting (crosswalks, stop bars and speed humps). Last year the City was able to use funds provided in the Council Goals to accomplish much of the street painting.
 - ii. This employee would be a part of a preventive maintenance team (patching, crack filling).
2. Salt Dome: The City's is in dire need of a salt storage facility. The salt storage facility at Public Works collapsed during the Blizzard of 2003. It was not adequate before its collapse because it had no walls nor solid flooring. Now the salt is piled up where the old salt storage facility was located. Consequently, when it rains, there is salt runoff that could eventually reach the Sligo Creek. In order for the City to be in compliance with the Federal Clean Water Act, we must correct this situation. Public Works has collected estimates and recommends the acquisition and construction a concrete foundation and the purchase of a prefabricated dome. The proposed budget for FY 2006 includes \$100,000 for this project. Based on a recently secured estimate of \$80,000, the department may be able to accomplish it for less than the budgeted amount.
3. Garden's Division: Over the past three years, this division's responsibilities have increased, but its assets have not. During this time, the City added gardens at Maple and Sherman, plantings on Holton Lane, plantings at the Tool Library, a Pocket Park on New Hampshire Avenue, and more. In FY2005 the Gardens Division budget was \$115,338, but its expenditures are projected to be \$144,792. This is a repeat of FY 2004 budgeting and spending. The FY2006 proposed budget reflects actual spending in this division. The department will not be in a position to absorb overages in FY 2006. See attached table.
4. Montgomery County Blue Bins: The following information is provided:
 - a. The toters are 30 (\$30) gallon types used to collect paper only. Other recyclable are collected separately. This is an effort on their part to increase paper collection.
 - b. Takoma Park's collection paper and other recyclable has been very good. We have seen no evidence of paper in the trash stream.
 - c. The City's main recycling truck could accommodate the toters. However, toters usage faced resistance in the City several years ago.
 - d. There is a possibility the use of the toters could reduce the need for collection to every other week instead of every week. We should observe Montgomery County's progress and report back to the Council.
5. Storm Water Projects: Since his arrival, the City Engineer has been compiling a list of storm water projects. Currently, the projects exceed the assets available in the FY2006 budget. See attached table.
6. Spring Park Storm Water Project: Water seepage has been observed within the Spring Park green area, south side of pavilion creating wet areas. Spring water surfaces and sheet flow over the sidewalk during wet season and ice hazard in winter. The drainage

improvement can be achieved by Installation of a net work of under drain and a rain garden discharging into an existing inlet near Poplar and Spring Avenue intersection. A rain garden can be created by converting a mud puddle adjacent the existing garden north of the stream. Two under drain lines will convey the water from the rain garden and south of play ground pavilion in to a collector under drain installed parallel to the side walk discharging into the storm water inlet near the intersection of Poplar and Spring Avenue. The estimated cost of this project is \$20,000.

7. Street Renovations: The City has undertaken the management of street renovations in FY 2006. These renovations include paving, curbs replacement, gutter replacement and sidewalk repair. The proposed budget for FY2006 includes approximately \$1.1 million for street renovations. See attached table.
8. Leaf Mulch Delivery Proposal: See attached proposal.

COMPARISON OF GARDENS EXPENDITURES - FY05 to FY06

	FY05 Budget	FY05 Est. Act.	FY06 Proposed
Salary	\$67,288	\$67,288	\$68,970
Fringe	\$23,600	\$23,600	\$24,007
Overtime	\$2,100	\$1,315	\$2,100
Temporary Assistance	\$12,500	\$44,000	\$38,000
Supplies	\$5,000	\$5,000	\$10,000
Tools	\$1,000	\$229	\$1,500
Water	\$1,000	\$2,000	\$2,500
Uniform	\$1,600	\$1,100	\$1,630
Training	\$1,250	\$260	\$1,250
TOTAL	\$115,338	\$144,792	\$149,957

STORMWATER REPAIR AND IMPROVEMENT PROJECTS

MAY 2005

PRIORITY	PROJECT	SCOPE	COST ESTIMATE	Plan -Const. STATUS
HIGH	BOSTON	Catch basin replacement	\$8,000	
HIGH	MARGARET	Deepen/connect Pipes	\$2,000	
HIGH	LINCOLN & ELM	Engineering	\$8,000	
HIGH	LINCOLN & ELM	Replace existing 8" to 12" 20'	\$16,000	
HIGH	LINCOLN & ELM	Install 400' new 15" pipe	\$40,000	
HIGH	LINCOLN & ELM	Install replace two inlets	\$9,000	
HIGH	909 SLIGO CREEK	150' 8-inch pipe replacement	\$35,000	
HIGH	BUFFALO & ALBANY	200' new line	\$35,000	
HIGH	SPRING PARK	Rain garden & under drain	\$20,000	
HIGH	334 Boyd	Apron wing Repairs	\$2,500	
HIGH	1010 ELM & LINDEN	Concrete swale/curb & gutter	\$5,000	
HIGH	LINDEN	Inlet adjustment	\$3,000	
HIGH	6319 4TH	Sump connection to curb	\$2,000	
HIGH	6329 4TH	Seepage connection to inlet	\$2,500	
HIGH	7612 SYCAMORE	Apron reconstruction	\$2,000	
		SUBTOTAL	\$190,000	
MEDIUM	6409 Cherry	60' UD	\$2,000	
MEDIUM	206 BOUNDARY	Apron reconstruction	\$2,000	
MEDIUM	28 HICKORY	Recrowning intersection of	\$4,000	
MEDIUM	WESTM & 2ND	Swale and grade correction	\$2,500	
MEDIUM	7436 BALTIMORE	Sheltered Weir and pipe	\$35,000	
		SUBTOTAL	\$45,500	
LOW	GREENWOOD/	1000 from Greenwood	\$30,000	SHA approval required
	FLOWER/	to Flower across Carroll		
LOW	7718 COROLL.	300'+ud	\$9,000.00	SHA approval required
		SUBTOTAL	\$39,000	

TOTAL

\$274,500

STREET RESTORATION PROGRAM AS OF 5/10/05

This list reflects a proposed schedule, subject to change and alteration as conditions require

COMPLETED

Ward	Street Name	From	To	Length	Width	PCI	COST	Restoration Method
	2 Glaizewood Ave.	Devonshire Rd.	Larch Ave.	592	51	5, 37	\$104,304	TRC
	2 Glaizewood Ct.	Glaizewood Ave.	Cul-de-sac	115	50	17	-	TRC
	2 Hayward Ave.	Lincoln Ave.	Larch Ave.	571	29	14	\$44,574	TRC
	2 Aspen Ct.	Aspen Ave.	Parking Lot	136	19	25	\$5,481	MO
	2 Garland Ave.	Flower Ave.	Central Ave.	501	29	18	\$38,473	MOB
	2 Heather Alley 1	Heather Ave.	Sligo Creek Pkwy.	319	14	8	\$25,733	MOB
	2 Heather Alley 2	Glengary Pl	Heather Pl.	883	13	13	-	MOB
	2 Glengary Pl.	Dead End	Sligo Creek Pkwy.	213	13	32	-	MOB
	6 Elson Pl.	Fourteenth Ave.	Dead End	250	29	18	\$93,349	TRC
	6 Elson Ct. (Oakton)	Elson Pl.	Cul-de-sac	120	26	37	-	TRC
	6 Kirklynn Ave.	Kennewick Ave.	New Hampshire Ave.	403	55	14	\$51,964	MO
	6 New Hampshire Svc.	Kirklynn Ave.	Parking Lot	417	24	32	-	MO
	5 Eastridge Ave.	Hudson Ave.	Roanoke Ave.	583	29	14	\$31,257	MO-petro
	5 Hudson Ave.	Dead End	Flower Ave.	666	23	17	\$28,482	MO-petro
	5 Brighton Ave.	Houston Ave.	Dead End	370	25	14	\$33,756	TRC
	5 Houston Ave.	Brighton Ave.	Roanoke Ave.	220	25	26	\$6,935	MO
	2 Hilton Ave.	Jackson Ave.	Trescott Ave.	725	30	18	\$69,993	TRC
	2 Kentland	New Hampshire Ave.	Ethan Allen	506	26	18	\$53,140	MOB
	2 Manor Cir. (200-5)	Manor Cir.	Carroll Ave.	390	25	18	\$36,812	MOB
	1 Chestnut Ave.	Hodges La.	Grant Ave.	186	17	23	\$23,162	MOB
	1 Chestnut Ave.	Philadelphia Ave.	Hodges La.	339	22	34	-	MOB
	1 Grant Ave.	Chestnut Ave.	Piney Branch Rd.	257	21	17	\$80,309	TRC
	1 Grant Ave.	Holly Ave.	Chestnut Ave.	545	23	25	-	TRC
CDBG \$	4 Maple Ave.	Sherman Ave.	Ritchie Ave.	383	44	18	\$88,073	MO
CDBG \$	4 Maple Ave.	Ritchie Ave.	Lincoln Ave.	411	44	30	-	MO
CDBG \$	4 Maple Ave.	Lincoln Ave.	Hilltop	769	43	64	-	MO
	2 Central Ave.	Carroll Ave.	Dead End	2163	30	28	\$134,662	MOB
	2 Cherry Ave.	Colby Ave.	Sligo Creek Pkwy.	603	22	17	\$24,729	MOB
	2 Devonshire Ave.	New Hampshire Ave.	Elm Ave.	643	26	33/34	\$12,684	MO
						TOTAL	\$987,872	

STREETS CURRENTLY IN PROGRESS

	Ward	Street Name	From	To	Length	Width	PCI	Projected \$	Restoration
in progress	1	Maple Ave.	Valley View Ave.	Philadelphia Ave.	310	26	29	\$27,373	2 inch MOB
in progress	1	Maple Ave.	Tulip Ave	Valley View	1456	25	58		2 inch MOB
in progress	1	Maple Ave.	City Limits	Tulip Ave	704	24	56		2 inch MOB
in progress	6	Hopewell Ave.	Larch Ave.	Kentland Ave.	412	26	28	\$65,738	
in progress	6	New Hampshire Svc.	Glenside Dr.	Kingwood Dr.	1272	18	18	\$36,546	MO
in progress	2	Garland Ave.	Davis Ave.	Carroll Ave.	330	26	20	\$29,140	MOB
in progress	2	Garland Ave.	Jackson Ave.	Davis Ave.	345	26	55	none	
in progress	2	Garland Ave.	Central Ave.	Jackson Ave.	1180	32	46	\$2,682	PS
in progress	2	Larch Ave.	Elm Ave.	Glaizewood Ave.	530	25	20	\$44,999	MOB
in progress	2	Larch Ave.	Hayward Ave.	Elm Ave.	384	28	41	\$36,516	
in progress	2	Larch Ave.	New Hampshire Ave.	City Limit	898	23	50	\$2,041	PS
in progress	2	Minter Pl.	Garland Ave.	Jackson Ave.	545	26	34	\$86,959	

STREETS TO BE COMPLETED IN REMAINDER OF FY 05

	Ward	Street Name	From	To	Length	Width	PCI	Projected \$	Restoration
	3	First Ave.	Westmoreland Ave.	Dead End	138	20	42	\$9,373	
	1	Baltimore Ave.	New York Ave.	Philadelphia Ave.	635	21	38	\$21,286	
	1	Cleveland Ave.	Baltimore Ave.	End of Street	315	23	28	\$11,564	
	6	Wildwood Dr.	Anne St.	Carroll Ave.	408	29	22	\$18,886	MO
	6	Wildwood Dr.	Kingwood Dr.	Jackson Ave.	620	29	25	\$28,699	MO
	6	Kirklynn Ave.	Wildwood Dr.	Kennewick Ave.	481	26	27	\$19,962	MO
	1	Buffalo Ave.	Albany Ave.	New York Ave.	517	23	36	\$40,384	
	1	Dundalk Rd.	Boston Ave.	Cul-de-sac	464	26	36	\$40,972	
	6	Erskine St	13th Ave	City Limit	629	27	42	\$1,430	PS
	6	Thirteenth Ave.	Erskine St.	Fourteenth Ave.	1369	23	34	\$50,258	
	6	Thirteenth Ave.	Elson Pl.	Erskine St.	407	26	52		none
	1	Takoma Ave.	Boston Ave.	City Limit	257	26	23	\$10,666	MO
	1	Takoma Ave.	Philadelphia Ave.	Boston Ave.	396	30	22	\$40,346	MOB
	1	Takoma Ave.	New York Ave.	Philadelphia Ave.	499	30	42	\$23,894	
	1	Takoma Ave.	Fenton St	New York Ave.	527	30	30	\$25,236	
	1	Takoma Ave.	Buffalo Ave	Fenton St	739	30	30	\$35,387	
	1	Takoma Ave.	Baltimore Ave.	Buffalo Ave.	689	36	34	\$39,592	
	1	Takoma Ave.	Piney Branch Rd.	Baltimore Ave.	368	22	34	\$12,923	
	4	Maple Ave.	Hilltop Rd.	Sligo Creek Pkwy.	230	25	25	\$19,528	MOB

STREETS TO BE COMPLETED IN FY 06

	Ward	Street Name	From	To	Length	Width	PCI	Projected \$	Restoration
CBDG \$	6	Lockney Ave.	Kirkland Ave.	Anne St.	833	29	46	\$38,558	
CDBG \$	6	Lockney Ave.	Merrimac Dr.	Anne St.	1056	29	20	\$104,004	MOB
	6	7320 Glenside	Glenside Dr.	Cul-de-sac	106	12	20	\$7,806	
	6	Glenside Dr.	New Hampshire Ave.	Jackson Ave.	1922	26	38	\$79,764	
	6	Glenside Dr.	Jackson Ave.	Carroll Ave.	916	26	46	\$2,082	
	6	Cole Ave.	Anne St.	Kirklynn Ave.	625	26	33	\$25,938	
	6	Holton Lane	Wildwood Dr.	New Hampshire Ave.	487	29	34	\$22,543	
	6	Holton Lane	Jackson Ave.	Wildwood Dr.	634	29	40	\$29,347	
	1	Dogwood Ave.	Cedar Ave.	Birch Ave.	295	25	40	\$29,430	
	1	Willow Ave.	Valley View Ave.	Tulip Ave	1231	20	40	\$2,798	PS
	1	Willow Ave.	Tulip Ave	Carroll Ave.	614	26	55	\$1,395	
	1	Park Ave	Carroll Ave.	Crescent Place	917	23	42	\$2,084	PS
	1	Spruce Ave	Park Ave.	Tulip Ave	824	23	42	\$1,873	PS
	6	Hammond Ave.	Holton Lane	Kirklynn Ave.	721	27	44	\$1,639	
	6	Elson St.	Thirteenth	City Line	132	36	45	\$300	
	1	Baltimore Ave.	Takoma Ave.	Albany Ave.	654	23	45	\$1,486	
	1	Baltimore Ave.	Albany Ave.	Cleveland Ave.	410	23	42	\$932	PS
	1	Baltimore Ave.	Cleveland Ave.	New York Ave.	250	23	50	\$568	
	6	Anne St.	Carroll Ave.	University Blvd.	1750	29	45		
	6	Kirklynn Ave.	Wildwood Dr.	Glenside Dr.	637	25	46		
	6	Linden Ave.	New Hampshire Ave.	Cul-de-sac	736	42	46	\$158,086	
	6	Lancaster Rd.	Wildwood Dr.	Glenside Dr.	666	26	47	\$1,514	
	2	Colby Ave.	Cul-de-sac	Dead End	717	23	47		
	2	New Hampshire Svc.	N. of Larch	Auburn Ave.	1026	18	48	\$24,565	
	6	Kennewick Ave.	Anne Ave.	Lockney Ave.	419	29	48	\$16,163	
	6	Jackson Ave.	Glenside Dr.	Wildwood Dr.	777	25	48	\$25,838	
	6	Jackson Ave.	Wildwood Dr.	Hammond Ave.	412	25	55		
	5	Hilltop Ave.	Maple Ave	Geneva Ave.	418	20	52		
	6	Hammond Ave.	Anne St.	Lockney Ave.	648	29	52		
	2/3	Manor Cir. (200-7)	S. Manor Circle	S. Manor Circle	872	27	53		
	2	Winchester Ave.	Dead End	Manor Cir.	286	16	42	\$18,261	
	2	Trescott Ave.	Garland Ave.	Jackson Ave.	1012	30	54	\$155,263	
	1	Boston Ave.	Chicago Ave.	Takoma Ave.	837	28	54		
	1	Boston Ave.	Margaret Dr.	Takoma Ave.	220	26	52		
	5	Maple Ave.	Erie Ave.	Edinburgh Ln	355	23	55		
These streets awaiting completion of Community Center									
	1	Grant Ave.	Maple Ave.	Dead End	378	24	38	\$46,395	
WSSC 25/75	4	Maple Ave.	Grant Ave.	Lee Ave.	354	44	24	\$20,718	
WSSC 25/75	4	Maple Ave.	Philadelphia Ave.	Grant Ave.	293	43	29	\$35,657	
WSSC 25/75	4	Maple Ave.	Lee Ave.	Sherman Ave.	363	44	47	\$21,245	

STREETS ON HOLD DUE TO PLANNED WSSC WORK - TO BE ADDED TO SCHEDULE AS COMPLETED

	Ward	Street Name	From	To	Length	Width	PCI	Projected \$	Restoration
		2 Elm Ave.	Linden Cir.	Heather Ave.	312	25	11	\$26,490	MOB
		2 Elm Ave.	Devonshire Rd.	Larch Ave.	470	29	15	\$46,290	MOB
		2 Elm Ave.	Larch Ave.	Linden Cir.	333	30	17	\$33,928	MOB
		2 Elm Ave.	Ethan Allen Ave.	Devonshire Rd.	657	29	20	\$64,708	MOB
		2 Linden Cir.	Elm Ave.	Cul-de-sac	174	21	17	\$12,409	MOB
		2 Davis Ave.	Flower Ave.	Central Ave.	546	26	18	\$48,212	MOB
		2 Davis Ave.	Central Ave.	Garland Ave.	436	26	38	\$38,500	MOB
		1 Albany Ave.	Baltimore Ave.	Buffalo Ave.	564	23	18	\$20,706	MO
WSSC 50/50		2 Heather Ave.	Elm Ave.	End of Street	664	22	25	\$49,612	MOB
WSSC 50/50		2 Heather Ave.	Sligo Creek Pkwy.	Elm Ave.	389	22	19	\$29,064	MOB
WSSC 50/50		2 Jackson Ave.	Central Ave.	Garland Ave.	502	30	44	\$1,141	
		6 Glenside Ct.	Glenside Dr.	Cul-de-sac	159	26	32	\$25,369	TRC
		1 Buffalo Ave.	Takoma Ave.	Albany Ave.	465	23	33	\$36,322	MOB
		2 Chaney Dr.	Flower Ave.	Cul-de-sac	252	31	38	\$26,531	MOB
		6 Wildwood Dr.	Kirklynn Ave.	Anne St.	780	28	38	\$74,172	MOB
		4/3 Lincoln Ave.	Maple Ave	Carroll Ave.	1050	20	49	\$33,520	
		3 Westmoreland Ave.	Walnut/Elm Ave.	Carroll Ave.	931	23	38	\$72,722	
		1 Darwin Ave.	Grant Ave	End of Street	342	27	40	\$56,668	
		1 Grant Ave.	Dead End	Holly Ave.	760	29	43	\$135,257	

Memo

To: City Council
From: Barbara B. Matthews, City Manager
CC: Wayne Hobbs, Deputy City Manager
Date: May 11, 2005
Re: Community Center Project Costs

At the work session on May 12, 2005, the proposed budget for the Community Center Fund for FY06 will be discussed. The budget summary provides information on fund expenditures since FY03, the year in which the Community Center Fund was established to account for project activity.

Prior to establishing the Community Center Fund, project expenditures were accounted for in the Special Revenue Fund. These expenditures were taken into account by staff in preparing the proposed budget for FY06.

Further research conducted by staff following the issuance of the budget document indicated that there were some prior year project costs that were not taken into account. The proposed FY06 budget should be decreased by approximately \$49,000 to ensure that overall project expenditures do not exceed project revenues.

Additionally, as indicated in my budget transmittal message, the proposed budget assumes that the phase of the project that is currently underway will be substantially complete as of June 30, 2005. The actual completion date will determine whether certain expenditures are accounted for in FY05 or FY06. Consequently, some adjustment in the proposed budget for FY06 may need to be made as more information becomes available.

DEBT SERVICE

This budgetary unit provides for the payment of principal and interest payments on the City's outstanding debt obligations. These obligations were incurred as a result of long or short-term borrowing or lease financing. Further information about the City's outstanding obligations is provided below.

Notes and Bonds

On July 15, 2005, the City closed on a general obligation bond issue in the amount of \$2,005,000. The proceeds from the bond issue were designated for street improvements throughout the City. The annual installments for the repayment of the bond as of June 30, 2005 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 308,462	\$ 64,391	\$ 372,853
2007	308,462	54,081	362,543
2008	308,462	43,786	352,248
2009	308,462	33,483	341,945
2010	308,462	23,181	331,643
2011	308,462	12,878	321,340
2012	<u>154,228</u>	<u>2,576</u>	<u>156,804</u>
Total	<u>\$ 2,005,000</u>	<u>\$ 234,376</u>	<u>\$ 2,239,376</u>

On February 3, 2003, the City and State renegotiated the remaining balance of a Maryland Industrial Commercial Redevelopment Fund (MICRF) loan for 6 Grant Avenue. The loan matures on February 1, 2011. The principal is to be repaid in eight annual installments of \$5,000 and one final payment of \$2,260.

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 5,000	\$ 0	\$ 5,000
2007	5,000	0	5,000
2008	5,000	0	5,000
2009	5,000	0	5,000
2010-2011	<u>7,260</u>	<u>0</u>	<u>7,260</u>
Total	<u>\$ 27,260</u>	<u>\$ 0</u>	<u>\$ 27,260</u>

The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during FY00 related to certain infrastructure repair work in the Pinecrest area. Under this agreement, the County made an interest free loan to the City in the amount of \$455,000 to be used for the infrastructure repair work. As repayment to the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in FY00. The remaining reductions will be made as follows:

<u>Fiscal Years</u>	
2006	50,000
2007	50,000
2008	50,000
2009	<u>55,000</u>
Total	<u>\$ 205,000</u>

In 1995, the City borrowed \$315,000 to purchase property located in Takoma Junction. The loan was for a three-year term, with a balloon payment at the end of the loan. The City extended this loan in 1998, 2001, and 2004. The 2004 extension provided for an annual payment of \$20,167 with an interest rate of 5.98%. At the end of the three-year period, the City will need to determine whether to extend the loan again or to pay off the remaining principal balance. The City will no longer make debt service payments if the property is sold.

On April 16, 2002, the City participated in a bond issuance with the Maryland Department of Housing and Community Development. The issuance was limited to an aggregate principal balance of \$2,048,700 to be used for the construction of a Community Center.

The annual installments for the repayment of the bond as of June 30, 2005 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 76,700	\$ 78,470	\$ 155,170
2007	78,400	75,976	154,376
2008	81,900	73,390	155,290
2009	85,300	70,524	155,824
2010-2014	479,900	250,096	729,996
2015-2019	598,100	188,884	786,984
2020-2022	<u>433,400</u>	<u>42,194</u>	<u>475,594</u>
Total	<u>\$1,833,700</u>	<u>\$ 779,534</u>	<u>\$2,613,234</u>

In May 2005, the City will close on a bond issuance with the Maryland Department of Housing and Community Development. The issuance was limited to an aggregate principal balance of \$2,600,000 to be used for the construction of a community center. The actual debt service payment for the bond issue will not be known until the bond sale occurs, which is scheduled for the latter part of May. Funding in the amount of \$205,000 has been included in the proposed budget for the first year of debt service on the bond issue.

Capital Lease

The City has entered into two capital lease agreements for the purchase of equipment. The equipment underlying these agreements are police equipment with an original cost of \$380,000 and a street sweeping machine with an original cost of \$19,475. The minimum lease payments are as follows:

Fiscal Year	Police Equipment	Street Sweeper	Total
2006	\$ 62,839	\$ 6,926	\$ 69,765
2007	62,839	2,309	65,148
2008	62,839	0	62,839
2009	62,839	0	62,839
2010	<u>15,712</u>	<u>0</u>	<u>15,712</u>
Total Payments	<u><u>\$ 267,068</u></u>	<u><u>\$ 9,235</u></u>	<u><u>\$ 276,303</u></u>